Automatic route for FDI

314. SHRI S. AGNIRAJ: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) how many items are being brought to the automatic route for FDI approvals alongwith details;

(b) how this process will help the investors;

(c) whether Government propose to centralise the automatic approval from RBI through the central office in Delhi for faster clearance and better coordination between RBI and (FIPB-DIPP) so that approvals are given faster to FDIs;

(d) if so, by when it will be implemented; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN): (a) The new Foreign Direct Investment (FDI) Policy announced by the Government on 11.2.2000 under the ongoing process of economic reforms has placed all items/activities under the automatic route for Foreign Direct Investment (FDI), Non-Resident Indians (NRI) and Overseas Corporate Body (OCB) investment, except the following:

1. All proposals that require an Industrial Licence which include (i) the item requiring an Industrial Licence under the Industries (Development and Regulation) Act, 1951, (ii) foreign investment being more than 24% in the equity capital of units manufacturing items reserved for small scale industries; and (iii) all items which require an Industrial Licence in terms of the locational policy notified by Government under the New Industrial Policy of 1991.
2. All proposals in which the foreign collaborator has a previous venture/ tie-up in India. The modalities prescribed in Press Note No. 18 dated 14.12.1998 of 1998 services, shall apply in such cases.
3. All proposals relating to acquisition of shares in an existing Indian company in favour of a foreign/NRI/OCB investor.
4. All proposals falling outside notified sectoral policy/caps or under sectors in which FDI is not permitted and/or whenever any investor chooses to make an application to the FIPB and not to avail of the automatic route.

(b) This measure will reduce the time spent on procedural requirements.

(c) to (e) The automatic route continues to be available through RBI as before.